Cheating by M/s. Bowreah Cotton Mills

*4536. SHRI BEKAL UTSAHI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Controller of Capital Issues had cleared a proposal for issue of 80,000-13.5 per cent Secured Redeomable Convertible Debntures of Rs.l80/-each for cash at par by M/s. Bowreah Cotton Mills Company Limited, Calcutta in January, 1987;

(b) if so, what are the terms and conditions on which the debentures were issued to investors;

(c) whether it is a fact that immediately thereafter the company went into red thereby depriving the investors of the interest due to them; and

(d) what is the present position with regard to the functioning of the company and by when the company is likely to resume payment of interest to the debenture horders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) M/s. Bowreah Cotton Mills Company Ltd. had been given consent of controller of capital Issue of rights Cum Public Issue of Redeemable Convertible Debentures of the value of Rs. 277.4592 lakhs on 14th August, 1986. These Debentures were to carry interest @13.5 per annum. Rs. 80/ out of the face value Debenture of Rs.180/- was to be compulsorily converted into four equity shares of Rs. 10/- each at a premium of Rs. 10/- per share after six months from the date of allotment. The balance face value of Rs.100/- were to be redeemed at par in three equal annual instalments after the expiry of 7 years from the date of allotment.

(c) and (d) Registrar of Companies, Calcutta has reported that the balance sheet of M/s. Bowreah Cotton Mills Company Ltd. as on 31st March, 1990 reveals negative net worth with operating loss. As per Director's report for the year ending 31st March, 1990 this Company has been declared a sick Industrial Company on 6th September, 1990 by Board for Industrial & Financial Reconstruction (BIFR). It has also been reported that the interest on 2nd and 3rd series Debentures was paid by this company only upto 31st December, 1988 because of financial stringencies. It is not possible to indicate the date by which this Company's performance will improve.

*Preuionsly Unstarred Question 3281 transfered form 23ed March, 1992.

Loans Given Under I.R.D.P. In West Bengal

4537. SHRI RATNA BAHADUR: Will the Minister of FINANCE be pleased to state:

(a) what is the procedure for grant of loans by nationalised banks for Integrated Rural Development Programme; and

(b) what was the total amount of loans distributed by nationalised banks under Integrated Rural Development Programme in West Bengal during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) In terms of guidelines contained in Integrated Rural Development Programme (IRDP) Manual, the Bank Managers process the loan applications sponsored by the Block Development Officers (BDOs). The Reserve Bank of India (RBI) has enjoined upon all the banks that these applications must be disposed of within a fortnight. While sanctioning projects, the Bank Managers are to ensure that the scheme and the cost of the units, terms of the loan and repayment schedule are in accordance with the guidelines laid down by the National Bank for "Agriculture and Rural Development (NABARD) and RBI.

Part-financing and under-financing should not be resorted to. In case of rejection of cases, the reasons should be recorded on the application form itself and the relevant application returned to sponsoring authorities for their information.

(b) The total amounts of loan disbursed by commercial banks under the Programme in West Bengal during the last three years 1988-89, 1989-90 and 1990-91 were Rs. 7070, Rs. 8117 and Rs. 8761 lakhs, respectively.